

**ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE**

January 31, 2022

3:33 p.m.

MEMBERS PRESENT

Senator Joshua Revak, Chair
Senator Gary Stevens
Senator Jesse Kiehl
Senator Scott Kawasaki

MEMBERS ABSENT

Senator Peter Micciche, Vice Chair
Senator Click Bishop
Senator Natasha von Imhof

COMMITTEE CALENDAR

SENATE BILL NO. 84

"An Act relating to the veterans' land purchase discount; establishing state land vouchers; relating to the permanent fund dividend; relating to the duties of the Department of Revenue; authorizing the Department of Natural Resources to accept state land vouchers; relating to eligibility for public assistance; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 133

"An Act relating to the sale or lease of state land for remote recreational sites; relating to permits for remote recreational sites; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 84

SHORT TITLE: LAND VOUCHERS; PFDS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/12/21	(S)	READ THE FIRST TIME - REFERRALS
02/12/21	(S)	STA, RES, FIN

03/02/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/02/21	(S)	Heard & Held
03/02/21	(S)	MINUTE(STA)
03/11/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/11/21	(S)	Heard & Held
03/11/21	(S)	MINUTE(STA)
03/23/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/23/21	(S)	Moved SB 84 Out of Committee
03/23/21	(S)	MINUTE(STA)
03/24/21	(S)	STA RPT 2NR 3AM
03/24/21	(S)	NR: SHOWER, COSTELLO
03/24/21	(S)	AM: KAWASAKI, HOLLAND, REINBOLD
05/10/21	(S)	RES AT 3:30 PM BUTROVICH 205
05/10/21	(S)	Heard & Held
05/10/21	(S)	MINUTE(RES)
01/31/22	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 133

SHORT TITLE: REMOTE RECREATIONAL SITES; SALES; PERMITS
 SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

04/28/21	(S)	READ THE FIRST TIME - REFERRALS
04/28/21	(S)	RES, FIN
04/28/21	(S)	RES AT 3:30 PM BUTROVICH 205
04/28/21	(S)	-- MEETING CANCELED --
05/05/21	(S)	RES AT 3:30 PM BUTROVICH 205
05/05/21	(S)	Heard & Held
05/05/21	(S)	MINUTE(RES)
01/31/22	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

BRIAN FECHTER, Deputy Commissioner
 Department of Revenue
 Anchorage, Alaska

POSITION STATEMENT: Presented a slideshow on SB 84.

CHRISTY COLLES, Operations Manager
 Division of Mining, Land, and Water
 Department of Natural Resources
 Anchorage, Alaska

POSITION STATEMENT: Provided invited testimony on SB 84.

SHAWNDA O'BRIEN, Director
 Division of Public Assistance
 Department of Health and Social Services
 Juneau, Alaska

POSITION STATEMENT: Provided invited testimony on SB 84.

EDWARD MARTIN, Representing Self
Kenai, Alaska

POSITION STATEMENT: Testified in support of SB 84.

LAURA BOOMERSHINE, Legislative Liaison
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Introduced Ms. Colles who gave an overview of SB 133.

CHRISTY COLLES, Operations Manager
Division of Mining, Land, and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Gave an overview of SB 133.

ACTION NARRATIVE

[3:33:50 PM](#)

CHAIR JOSHUA REVAK called the Senate Resources Standing Committee meeting to order at 3:33 p.m. Present at the call to order were Senators Kiehl, Stevens, Kawasaki, and Chair Revak.

SB 84-LAND VOUCHERS; PFDS

[3:34:37 PM](#)

CHAIR REVAK announced the consideration of SENATE BILL NO. 84 "An Act relating to the veterans' land purchase discount; establishing state land vouchers; relating to the permanent fund dividend; relating to the duties of the Department of Revenue; authorizing the Department of Natural Resources to accept state land vouchers; relating to eligibility for public assistance; and providing for an effective date."

[3:36:30 PM](#)

BRIAN FECHTER, Deputy Commissioner, Department of Revenue, Anchorage, Alaska, presented a slideshow on SB 84: PFD Land Vouchers. He advanced to slide 1, SB 84 Creates the PFD Land Voucher Program:

- PFD applicants can elect a land voucher in lieu of a cash PFD
- Face value of the land voucher is 2x the statutory formula value of the PFD

MR. FECHTER elaborated, stating a \$3,000 statutory PFD would result in a \$6,000 land voucher.

- PFD Land Vouchers can be used to purchase state land offered for sale by DNR
- Land vouchers have long historic precedent
 - Payment to American Revolution veterans

MR. FECHTER said that from the American Revolution through WWII, there is a precedent of giving land vouchers to veterans. American Revolution soldiers received land vouchers as payment, and WWII veterans received land vouchers in appreciation for their service.

- Used at statehood by various states to distribute and settle land
- **Objective: Get State Land into the Hands of Alaskans**

[3:37:38 PM](#)

MR. FECHTER advanced to Slide 2, Land Voucher Program Details:

- Vouchers can't be used to buy Mental Health Trust lands
- Parents can't apply for vouchers for their children

MR. FECHTER stated that this policy encourages parents to contribute to the Alaska 529 university savings plan rather than apply for land vouchers on behalf of their children. Only adults may apply for land vouchers.

- Vouchers can't be used to pay rents or fees - just sale price

MR. FECHTER stated that the voucher only applies to the initial purchase price of the land.

- Vouchers only available to PFD applicants who use the electronic application

MR. FECHTER said this is consistent with "Pick, Click, Give," the education raffle, and other voluntary election programs.

- PFD applicants need to be determined eligible within the PFD year

- Vouchers are transferable and never expire

MR. FECHTER explained that an individual may give away or sell a land voucher to transfer ownership.

- Dept of Revenue will track voucher transfers, and will replace lost, stolen or destroyed vouchers
- Vouchers may be garnished up to the value of the cash PFD

MR. FECHTER offered a hypothetical example of how the land voucher garnishment would work. Suppose the legislature appropriates a \$1,000 PFD, and the individual, who elects a land voucher, owes \$1,000 in unpaid child support. \$1,000 cash will go to the Child Support Division, and the individual will receive what remains. The garnished land voucher will total the value of the land voucher minus the garnished amount.

- Cash from PFDs not paid in cash because of voucher election lapses to General Fund
- DHSS and other benefits programs must consider voucher as income or resources in determining benefits eligibility

[3:39:41 PM](#)

MR. FECHTER advanced to Slide 3, Lands in Alaskan Hands. He stated that the Department of Natural Resources contributed this slide.

Help fulfill the Alaska Constitution's mandate to develop state resources to benefit the public.

Make Alaska land more accessible to all by making it easier for Alaskans to purchase land.

No other state has less land in private hands than Alaska.

The PFD Land Voucher Bill is a response to the demand, by helping individual Alaskan's realize land ownership.

The PFD Land Voucher Bill would be a win-win for both the individual Alaskan and the state treasury.

MR. FECHTER reiterated that the purpose of SB 84 is to fulfill the constitutional mandate to develop state resources for the maximum benefit of the public. In stark contrast to Rhode Island's 97 percent, private ownership of land in Alaska is only three percent.

[3:40:20 PM](#)

MR. FECHTER advanced to slide 4, Cashflow Hypothetical. The following numbers are hypothetical for illustrative purposes only.

Cashflow Hypothetical

CY2022 Statutory PFD:	\$2,300/person
FY2023 Approp. PFD:	\$1,000/person
Land voucher:	\$4,600/person

Cash PFD elections:	600,000
Land voucher elections:	40,000

Amount appropriated	
from ERA to GF to PFD Fund:	\$640mm
Cash PFDs:	\$600mm
Lapse to GF from unelected cash PFDs:	\$40mm
Face value of land vouchers:	\$184mm
Land ultimately sold:	\$300mm
Cash to GF from land sales:	\$116mm
Total Cash to GF:	\$156mm

MR. FECHTER explained that, in this hypothetical example, a person elects \$1,000 cash or a \$4,600 land voucher. Suppose 40,000 individuals elect land vouchers. Of the \$640,000,000 appropriated for PFDs, \$600,000,000 will be distributed in cash and \$40,000,000 will lapse to the general fund. As land is purchased, revenue generated from land sales will grow the general fund over time.

[3:41:20 PM](#)

SENATOR KIEHL asked about the assumption of induced effect versus just putting more land up for sale.

MR. FECHTER answered that question brings up a major governor's initiative. The governor has invested a lot of resources in the Department of Natural Resources and has pressed the department to maximize land sales. The governor wants unallocated lands available for sale, so Alaskans can make purchases and participate in sales.

MR. FECHTER stated that the department has not done an analysis to determine the proportion of land sales that would occur with or without this program. He expressed his belief that the program would incentivize Alaskans to participate in land sales and get more land in the hands of Alaskans. The ripple effects of land sales are numerous, especially with property taxes in organized communities.

SENATOR KIEHL asked whether the hypothetical example proportions are based on the average parcel value, one voucher applied per parcel, multiple vouchers applied per parcel, or anything in particular. He asked how the figure, \$300,000,000 for the amount of land sold, was derived.

MR. FECHTER answered that this is an illustrative example of how the cash flow would work. Absent an accurate number to put in front of the committee, illustrative numbers, not backed by science, were used.

[3:43:58 PM](#)

SENATOR STEVENS commented that lands available for purchase over the years have not always been in desirable areas. He asked what process the department uses to announce land sales, whether this sale would be more significant than in the past, and how to select and purchase land.

MR. FECHTER deferred the question to Ms. Colles, Division of Mining, Land, and Water, Department of Natural Resources.

[3:44:39 PM](#)

CHRISTY COLLES, Operations Manager, Division of Mining, Land, and Water, Department of Natural Resources, Anchorage, Alaska, provided invited testimony on SB 84. The department has over-the-counter sales comprised of unsold auction parcels and unsold parcels from the remote recreational staking cabin program sale.

MS. COLLES said auctions are the main way the department notifies the public of a land sale. The department identifies land, ensures it is properly classified and develops subdivisions with road access. The department determines a starting price based on an appraisal, for which individuals may submit bids. Lands are available across the state, and auctions occur once every year.

MS. COLLES explained that the remote recreational cabin staking program works differently than an auction. The department

identifies a large area, and a limited number of individuals are allowed to stake 5 to 20 acres of land. It is a competitive process because the program may limit the number of authorizations in certain areas. So, there may be more interest than parcels available.

MS. COLLES said auctions and remote recreational cabin staking go through a decision process and are available online for individuals to place a bid.

3:46:35 PM

SENATOR STEVENS surmised that if SB 84 were to pass, it would generate a lot of interest in and applications for state lands. He asked whether the department was prepared to identify more lands or if the availability of land will remain status quo.

MS. COLLES answered that there are limitations with the current statutes, but the goal is to make more land available. The governor has introduced a couple of bills to increase the availability of land.

3:47:24 PM

SENATOR KIEHL asked what proportion of the state's sales price the state uses to prepare parcels for sale through auction or over the counter. The purpose of the question is to compare preparation costs incurred by individuals against costs incurred by the state.

MS. COLLES answered that an exact percentage depends. The department puts a lot upfront into subdivision sales, including appraisals and surveys. The sale price reflects those costs. She stated that through the land disposal income fund (LDIF), the department tries to cover the cost of all employees that administer the program, including appraisal and survey costs. The department tries to redeposit recouped expenditures back into the LDIF to fund future projects.

SENATOR KIEHL stated that the mean, median, and mode parcel sale proportions would be helpful as a follow-up.

CHAIR REVAK requested that the department provide the information to the committee.

3:49:18 PM

SENATOR KIEHL referred to Mr. Fechter's hypothetical example that outlined the garnishment process for land vouchers. He

asked why the multiplier applied to the land voucher's issuance is not similar to its reduction.

MR. FECHTER answered that this was a policy decision. In SB 84, the cash value set aside for individuals is less than the land voucher value. Garnishing the total value of the land voucher might cause the PFD fund to go underwater.

MR. FECHTER explained that the maximum amount a PFD may be garnished is not to exceed the appropriated value of the PFD. The idea is to have a level playing field so that the maximum amount deductible is the same for any PFD, whether a cash PFD or a land voucher.

SENATOR KIEHL inquired further into the possible imbalance of the land voucher garnishment calculation in SB 84. An individual with a partially garnished PFD comes out way ahead of those whose PFD is not garnished. The garnished individual gets their debt satisfied and almost the full voucher amount. They get the full multiplier on the plus side without the multiplier on the minus side.

MR. FECHTER answered that is accurate. The physical asset, the land voucher, could be garnished by implementing a garnishment process. However, it is much more valuable to the garnishing agency to satisfy a debt with cash. While the land voucher has intrinsic value, it is more challenging to turn it into cash to satisfy a debt.

[3:51:51 PM](#)

CHAIR REVAK asked whether the land vouchers would be transferable.

MR. FECHTER answered yes. Individuals may sell their land vouchers for whatever someone is willing to pay, or they can give them away.

CHAIR REVAK asked who would create and oversee the land voucher program, including the prevention of fraud and counterfeit vouchers.

MR. FECHTER answered that the state would benefit from its existing, robust PFD application process as a control to verify identity, prevent scams, and ensure security, are already in place. The Department of Revenue (DOR) envisions holding vouchers in a database. DOR will verify a person's identity in the event of a voucher exchange. DOR will track certificate

holders, so holders must report voucher transfers. The certificate itself is just a piece of paper; it is not a bearer instrument. The database will contain certificate ownership data and data on the number of vouchers redeemed. DOR will work with the Department of Natural Resources (DNR) to track the outcome of all its land sales.

CHAIR REVAK commented a paper certificate opens up an opportunity for fraud. He asked whether land vouchers would have a digital tracking mechanism.

MR. FECHTER answered that the paper certificate associates the voucher owner with a unique identifying number and gives the owner a tangible record to possess. The core balance of vouchers would be kept with DOR and tracked digitally. An individual could not steal a voucher by merely taking possession of the paper certificate.

[3:55:02 PM](#)

SENATOR STEVENS said that this is a great idea, but if there is no more land than currently available, the state will not wind up with more money in the treasury. He expressed his belief that the obligation is to identify more land to sell; he hoped the administration would attempt to do so.

MR. FECHTER answered that is precisely the intent. He expressed his belief that the Department of Natural Resources (DNR) spoke earlier about a series of bills that would remove barriers to making land available. He deferred to DNR to speak more about those bills.

SENATOR STEVENS commented that it is a lot of work, and he hopes the administration achieves its goal.

[3:55:52 PM](#)

CHAIR REVAK expressed concern that the \$40,000 [\$40.6 per OMB Component Number 981] operating budget expense indicated on the fiscal note is insufficient. He asked what software the Department of Revenue intends to implement to track land voucher activity and land voucher transfers. He wondered whether the department would require additional staff to track vouchers, prevent fraud, and prevent counterfeiting.

MR. FECHTER answered that the amount is in line with the last major PFD election program. Raffle programming changes required \$20,000 to \$40,000. DOR has a dedicated IT team that uses EDIUS, the backend software for the PFD eligibility system. He

expressed his belief that the existing software could easily integrate the land voucher program. DOR does not know the demand for the land voucher program but does not envision half the applicants choosing the land voucher election the first year. As the program moves forward, DOR may come back to the legislature if the program becomes a burden.

[3:57:26 PM](#)

SENATOR KIEHL commented that various assistance programs would consider land vouchers as income and resources. A fiscal note indicates that the Division of Public Assistance estimates a one-time mailing to its clients to notify them of the land voucher's impact on their eligibility for public assistance programs. He asked why this notification could not be sent every year.

SHAWNDA O'BRIEN, Director, Division of Public Assistance, Department of Health and Social Services, Juneau, Alaska, provided invited testimony on SB 84. She expressed her belief that the division could automate the notification system to send a standardized notification to new program recipients. The cost would fluctuate depending on the number of new recipients in the program. The \$140,000 [139.8 per OMB Component Number 236] ballpark fiscal note estimate is based on the number of recipients currently in the division's program.

SENATOR KIEHL commented that, in his experience, recipients at the edge of the income ladder for these programs are working, not unemployed. He emphasized that it is difficult for these recipients to work multiple jobs, get food on the table, and get the kids to school. He asked what the education success rate is when the requirements of a program change; in other words, how effective is the uptake from one letter for one notice.

MS. O'BRIEN answered that the educational part of the process mostly happens during the program's interview stage. Many programs require an interview with recipients to cover details like fraud, changes that require reporting, and other items. It is a hands-on, face-to-face opportunity to educate recipients about the program's rules and how changes affect them. Message repetition is often more successful in multiple venues, like incorporating a message into a written notification to build on the same message given in an interview.

[4:01:04 PM](#)

CHAIR REVAK inquired about the land voucher garnishment process, asking whether the deduction would occur on the land voucher instead of the PFD.

MR. FECHTER answered yes. Everyone would have the same level of garnishment whether an individual selects cash or voucher. The individual would receive the balance after the garnishment. Suppose an individual elects a land voucher, has a \$1,000 garnishment, and the cash value of the PFD is \$1,000. The individual would receive the total value of the land voucher minus \$1,000.

CHAIR REVAK repeated the garnishment process and questioned whether the calculation method was equitable.

MR. FECHTER reiterated that if the cash value of the PFD is \$1,000, an individual, who owes back child support and elects a cash PFD, could be garnished up to \$1,000 to satisfy their debt. The same is true for an individual who elects a land voucher. Up to \$1,000 could be garnished from the value of their land voucher to satisfy up to \$1,000 of their debt.

CHAIR REVAK asked whether the proposed garnishment method would affect state garnishment receipts.

MR. FECHTER expressed his belief that it would not affect state receipts. The net effect is the same whether an individual elects a land voucher or a cash PFD.

[4:04:25 PM](#)

CHAIR REVAK announced that the committee had received department answers to previous questions.

CHAIR REVAK opened public testimony on SB 84.

[4:04:44 PM](#)

EDWARD MARTIN, Representing Self, Kenai, Alaska, testified in support of SB 84. He played previously recorded testimony, stating the PFD land voucher was an idea he dreamed up years ago when the state was faced with \$9 per barrel of oil and the state government attempted to access the permanent fund dividend. He expressed his belief that it was inappropriate then and is not appropriate now. The permanent fund dividend belongs to the people. As it concerns transferability, a parent could transfer land to their children in a trust. He recommended the program be open exclusively to Alaskans. Alaska has been a state for far too long without making land available. The state will generate

tremendous revenue when land development creates a tax base. He suggested a simpler method to purchase land, mainly using unencumbered PFD money to make a land purchase.

[4:09:48 PM](#)

CHAIR REVAK closed public testimony on SB 84.

[4:10:00 PM](#)

CHAIR REVAK held SB 84 in committee.

SB 133-REMOTE RECREATIONAL SITES; SALES; PERMITS

[4:10:05 PM](#)

CHAIR REVAK announced the consideration of SENATE BILL NO. 133 "An Act relating to the sale or lease of state land for remote recreational sites; relating to permits for remote recreational sites; and providing for an effective date."

[4:10:33 PM](#)

At ease.

[4:11:29 PM](#)

CHAIR REVAK reconvened the meeting.

[4:11:34 PM](#)

LAURA BOOMERSHINE, Legislative Liaison, Department of Natural Resources, Anchorage, Alaska, introduced Ms. Colles who gave an overview of SB 133.

[4:12:16 PM](#)

CHRISTY COLLES, Operations Manager, Division of Mining, Land, and Water, Department of Natural Resources, Anchorage, Alaska, gave an overview of SB 133. Ms. Colles began the overview with slide 2, What's in SB 133 - Overview:

- Repeals existing RRCS program and reenacts the Remote Recreational Sites (RRS) program
- Establishes the ability for individuals to purchase, lease or permit RRS

MS. COLLES said that the biggest difference between the RRS program and the Remote Recreational Cabin Site (RRCS) staking program is that RRS allows an Alaskan to permit a site, purchase a site, lease it for a term longer than previously allowed, and remain in the lease without purchasing.

- Provides for Commissioner to identify areas where land is properly classified and offer those lands for staking of RRS
- Provides for Alaskans to nominate lands for inclusion

4:14:00 PM

MS. COLLES explained that an individual may nominate unclassified lands. The department will review the nomination to determine whether reclassification is necessary to allow for a remote recreational staking opportunity.

- Identifies who is eligible to participate in the program

MS. COLLES stated that this program is open to Alaskan residents who:

- Can show residency in Alaska for one year, and
- Have not participated in the program in the last ten years. An individual may participate in the program once every ten years.
- Establishes that a 10-acre parcel size may be staked

MS. COLLES clarified that an individual may stake less than 10 acres, but the maximum is 10 acres.

- Process for handling conflicting staked parcels

MS. COLLES stated that if multiple individuals stake the same ground, an established conflict resolution process will resolve staking disputes. The process determines who retains the staked parcel and who should re-stake additional acreage.

- Directs the Commissioner to establish regulations to implement the program

4:15:39 PM

MS. COLLES advanced to slide 3, What's in SB 133 - Leasing and Sale:

- Establishes process for staking, leasing, and/or purchasing a piece of state land
 - Stake parcel, submit a sketch, and an application to lease

MS. COLLES said that the lease application is the first step in either a purchase or a long-term lease. First, an individual must stake the parcel, then submit a sketch of the staked property. The details for leasing and purchasing are below.

- Process for leasing a remote recreational site
 - Initial 10-year leasing period
 - Two additional 10-year lease renewal periods
 - Restricts assignment of a lease
 - Termination of lease for non-compliance
 - Establishes timeframe for surveying and appraising
 - Requirement for marking of parcel boundaries

MS. COLLES stated that an individual may lease up to 30 years. The idea is to have a site for recreational purposes, not monetary or profit-oriented ones. The lease may be assigned through an estate or a will but not sold. Unpaid fees and commercial business operations are examples of non-compliance and cause for termination of the lease. Regulations would establish the stipulations for compliance. The timeframe to complete a site survey and appraisal is 24 months, but the department could authorize additional time. Before completing the survey, the lessee must mark the parcel boundaries outlined in SB 133. Marked, clear boundaries will help future stakers avoid overlapping parcels.

- Process for purchase of state land for RRS
 - Sale price is fair market value
 - Applicant must survey and appraise the site

MS. COLLES stated that a lessee may purchase the site at fair market value. The same appraisal used to apply for the lease may be reused to purchase the site; this option is available for 24 months. Once 24 months have elapsed, the division would require a new appraisal. The staker is responsible for the cost of a survey and appraisal.

[4:18:52 PM](#)

SENATOR KIEHL commented that individuals start with good intentions but do not always get the parcel. He asked if the department agrees that the most significant obstacle to the success of remote staking programs is the cost of survey and appraisal.

MS. COLLES agreed that the department had issues with previous programs when the cost of the survey and appraisal was entirely the applicant's responsibility. Currently, the RRS program is large tract-based, meaning parcels in a given area are available in bulk amounts with limited staking authorizations. The department covers the actual cost of going out and doing the survey and appraisal, but the stakers still bear the cost. She acknowledged there is some concern about costs, but the hope is that the survey and appraisal will be affordable with the larger parcels.

4:21:00 PM

MS. COLLES continued with slide 4, What's in SB 133 - Permits, stating this is an entirely new approach from the past to remote recreational staking sites. The department has not had permits recently. The personal use cabin program was repealed, but the department still has managed cabin permits on the books. SB 133 allows individuals that are not ready to purchase, to get an RRS permit:

- Establishes process for permitting an RRS
 - 25-year term

MS. COLLES compared the duration of the proposed 25-year RRS permit term to the considerably shorter 5-year commercial permit and six-year personal use cabin permit. The permit term for this authorization is much longer.

- Revocable at will

MS. COLLES said that the RRS permit is revocable at will because it is not a disposal. If necessary, for any reason, the option to revoke the permit remains available to the state.

- May not be assigned or renewed
- May be terminated for any reason, including failure to use the permitted land as required by the terms of the permit

MS. COLLES explained that the department may terminate the permit for a noncompliance issue, such as:

- nonpayment
- permit used for commercial purposes, in which case, the permittee might need to switch to a commercial use permit.

- Permit holder may apply to lease or purchase the permitted site

MS. COLLES stated that during the 25-year permit term, the individual may apply to lease or purchase. The permittee might have to go through the nomination process to reclassify the RRS, which would require the commissioner's recommendation.

[4:23:12 PM](#)

CHAIR REVAK asked for more detail about "revocable at will."

MS. COLLES answered that all the permits are considered revocable at will. She emphasized that revocations occur for cause, not haphazardly. For example, if it were in the state's best interest to utilize a permit for a large infrastructure or access project, the state would consider the permit a revocable interest. Conversely, a lease or sale would require the agreement of the landowner.

MS. COLLES outlined the process to revoke a permit. The department:

- notifies the individual,
- the department works with the individual, and
- the department looks for ways to work around the property.

She emphasized that permits are not, in no way, a disposal of state interests.

CHAIR REVAK commented that the Department of Natural Resources acts responsibly with its revocable at will decisions; however, inholding issues exist with the state's federal partners.

[4:25:12 PM](#)

SENATOR STEVENS asked how much land is transferred to Alaskans annually under the current remote recreational cabin program.

MS. COLLES answered that since 2001, the state had 14 offerings and 81 staking areas. She defined offerings as public notification that land is available to stake. Of the 14 offerings, 807 parcels were sold, totaling 50,462 acres.

SENATOR STEVENS commented that in 22 years, 807 parcels are not that many sales. He sought assurance that the data was correct.

MS. COLLES answered that is correct; the number of parcels sold was 807. She noted that currently, 5 to 20 acres per parcel are available for staking. She referenced slide 13 to show remote recreational cabin site parcels offered in the past. She noted

that East Fork Pass had 16,350 acres with a maximum of 60 staking authorizations, so up to 1,200 acres (60 staking authorizations multiplied by a 20-acre staking maximum) were available for staking. The idea is to give an individual enough space to retain the remote setting, in contrast to subdivision sales which share lot lines.

SENATOR STEVENS calculated the sales average is about 20 parcels [37 parcels] per year. He asked if the goal was to increase the number of sales.

MS. COLLES answered yes. The goal is to identify areas and constantly put out as much land as possible. The department seeks areas that are desirable to purchasers. It takes time to sort out issues, research area plans, work with communities, and go through a best interest finding, which is a two-step decision. This bill proposes to exempt the best-interest finding, as required by AS 38.05.035, in lieu of maybe a less extensive decision document. Public notice would continue to be required but not at the current level, because it could delay projects currently in development.

SENATOR STEVENS re-asked how many parcels and acres were sold in the remote recreational cabin program since 2001.

MS. COLLES answered that 50,462 acres and 807 parcels were sold since 2001. Slide 11, History of the Current Remote Recreational Cabin Site Program, shows these figures.

4:29:21 PM

SENATOR KIEHL asked about the average size of those RRCS parcels.

MS. COLLES replied that she needed a moment to calculate the average parcel size.

SENATOR KIEHL calculated that the average size of an RRCS parcel is over 60 acres. He concluded that a problem exists with the figures as the maximum parcel size in the RRCS program is limited to 20 acres.

MS. COLLES agreed. She stated that she would check the figures.

CHAIR REVAK requested that Ms. Colles send corrected figures to the committee.

SENATOR KIEHL noted that in 21 years, 807 parcels were sold. He asked, of those 807 parcels, how many were staked.

MS. COLLES replied that she would get that information to the committee.

[4:30:40 PM](#)

MS. COLLES advanced to slide 5, SB 133 Provides Multiple Ways for Alaskans to Procure a Piece of Alaska. This slide summarizes what SB 133 proposes to accomplish:

- The Department of Natural Resources (DNR) will maintain a list of lands available for Remote Recreational Sites (RRS)

MS. COLLES stated that the RRS available lands list would include vacant, unappropriated, and unreserved (VUU) land. The inclusion of VUU lands will result in a bigger area.

- The State will identify areas where land is properly classified for settlement and may be staked for RRS
- Individuals can nominate open state land not included in the annual state offering for RRS

MS. COLLES stated that Alaskans may nominate areas not properly classified for inclusion in the program. The nomination entitles an individual right of priority to the parcel. The individual must stake the parcel within 90 days and submit a lease application with an attached sketch to retain first right. If the individual fails to fulfill the bill's requirements, the commissioner will include the land with the commissioner's regularly scheduled annual offerings.

[4:31:49 PM](#)

MS. COLLES pointed out that SB 133 proposes the following three-tier system to increase an individual's ability to procure a site.

- Multiple ways to procure a site:
 - Purchase

MS. COLLES explained that an individual may purchase a site. However, if the fair market value is not affordable, an individual may opt to remain in a lease. The option to purchase remains open for the term of the lease.

- Lease

MS. COLLES explained that an individual could lease longer. The lessee can enjoy the land well beyond the period of time it took to prove up with a survey and appraisal.

- Permit

[4:32:32 PM](#)

SENATOR KIEHL commented that the map on slide 6 highlights an area of Douglas Island popular with deer hunters, berry pickers, and snowmobilers. He asked how the land nomination would work without a best interest finding, whether the department's decisions were appealable, and how a community would weigh in on a nomination.

MS. COLLES answered that the constitution requires public notice. AS 38.05.035 defines the process for disposals through a written finding. The department will continue to conduct public notice of its actions. The commissioner will still have to study the areas on the Statewide VUU Map, slide 6. The commissioner will be required to verify the land is classified correctly and provide public notice of the nomination and intent to lease those lands to eligible Alaskans. There will still be a process, but it will not be the same process the department currently uses for its land sales program.

SENATOR KIEHL commented that a best interest finding could be challenged all the way to court. He asked if this process would be subject to the same sort of appeal right.

MS. COLLES answered any department decision is appealable. Even permit decisions, which do not dispose of state interests, are appealable. She stated that unless she is missing something, any department decision is appealable, and she expressed her belief that the Department of Law would agree.

[4:35:20 PM](#)

CHAIR REVAK stated that permits are revocable at will. He expressed his belief that the department wants to avoid controversial situations.

MS. COLLES stated one positive of the permit option is that permits are revocable. So, if the department issued a permit in error, the department has the authority to revoke it. It is more difficult to revoke a lease. The scenario is completely

different for a sale which is more difficult to revoke. A court ruling can overturn a department's decision. Most of the time, an appeal stays the decision, so the department suspends action until the administrative process is complete.

[4:36:31 PM](#)

SENATOR KIEHL asked whether a transition from permit to lease is also publicly noticed and subject to a decisional document.

MS. COLLES answered that the department follows the process outlined in the lease. Nominated land that is not properly classified must go through a classification process. Whether or not a permit to lease transaction is publicly noticed or subject to a decisional document would be decided on a cases-by-case basis. Determining factors would include the location of the permit, how it is classified, and whether the commissioner's identified lands include the permitted site.

CHAIR REVAK asked Senator Kiehl if he had a follow-up question.

SENATOR KIEHL said that the Department of Law might be able to provide details and information on the standards that apply to public notice and decisional documents when a parcel transitions from a permit to a lease.

[4:37:54 PM](#)

MS. COLLES advanced to slide 6, Statewide VUU Map. She stated that approximately 47,000,000 acres of state land are considered VUU and could be part of this program.

[4:38:28 PM](#)

CHAIR REVAK requested a detailed map.

MS. COLLES answered that the department is conserving resources until the bill advances further in the legislative process to create a detailed map. She stated that, in the meantime, a better map will be piecemealed together to provide more clarity.

[4:39:44 PM](#)

CHAIR REVAK held SB 133 in committee.

[4:40:02 PM](#)

There being no further business to come before the committee, Chair Revak adjourned the Senate Resources Standing Committee meeting at 4:40 p.m.